

LEGISLATURE OF NEBRASKA

NINETY-NINTH LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 795

FINAL READING

Introduced by Cunningham, 40; Raikes, 25

Read first time January 4, 2006

Committee: Education

A BILL

1 FOR AN ACT relating to school finance; to amend section
2 79-1010, Reissue Revised Statutes of Nebraska; to change
3 provisions related to the repayment of incentive payments
4 by school districts; to repeal the original section; and
5 to declare an emergency.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1010, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 79-1010 (1) To encourage consolidation and unification of
4 school districts, incentives shall be paid to reorganized districts
5 and unified systems in certain size ranges for a three-year period
6 to reward the reorganized districts or unified systems for their
7 efforts to increase efficiency in the delivery of educational
8 services. This section shall only apply to consolidations and
9 unifications with an effective date after May 31, 1996, and before
10 August 2, 2001.

11 (2) To qualify for incentive payments under this section,
12 the consolidation or unification must be approved for incentive
13 payments by the State Committee for the Reorganization of School
14 Districts. For consolidations, when reviewing a petition for the
15 boundary change pursuant to section 79-413, the state committee
16 shall issue a preliminary approval or disapproval for incentive
17 payments along with a notice specifying application procedures. For
18 consolidations, affected school districts shall file an application
19 for incentive payments with the state committee within thirty days
20 following the issuance of the boundary change order pursuant to
21 subsection (1) of section 79-479. For unifications, the unified
22 system or participating districts shall file an application for
23 incentive payments with the state committee either following
24 approval of the application for unification or in conjunction
25 with the application for unification. The state committee shall,

1 within thirty days, approve or disapprove incentive payments.
2 For consolidations, if there are no material changes in the
3 reorganization plan between a preliminary approval and application
4 for incentive payments following the boundary change order, the
5 state committee shall approve the incentive payments. If a
6 preliminary disapproval was issued or if there was a material
7 change in the reorganization plan prior to the issuance of the
8 boundary change order, the state committee shall reconsider the
9 approval or disapproval of incentive payments. The state committee
10 shall make the determination regarding whether or not any changes
11 in a reorganization plan are material for the purpose of approving
12 or disapproving incentive payments.

13 (3) For incentive payments to be approved for
14 either consolidations or unifications by the state committee,
15 a reorganization study, including efficiency, demographic,
16 curriculum, facility, financial, and community components, must
17 be completed. If a study containing such elements is completed
18 and the reorganization plan or unification agreement will most
19 likely result in more efficiency in the delivery of educational
20 services or greater educational opportunities, the state committee
21 may approve incentive payments for the affected districts.

22 (4)(a) Incentive payments shall be based on the number
23 of students moving from one size range to a lower cost size range
24 based on the average daily membership in each affected district
25 in the school fiscal year immediately preceding the first school

1 fiscal year the boundary change or unification is in effect and
 2 the average daily membership the consolidated district or unified
 3 system would have had following the boundary change or unification
 4 if it had occurred in the school fiscal year immediately preceding
 5 the first school fiscal year the boundary change or unification
 6 is in effect. The reorganized school districts or unified systems
 7 existing after the qualified boundary change or unification shall
 8 receive incentive payments based on the following criteria for each
 9 student meeting the criteria:

10 For grades one through six, including full-day
 11 kindergarten:

12	Average daily	Average daily	Incentive payment per
13	membership range	membership range with	student who moves
14	before consolidation	boundary change or	from the average
15	or unification	unification	daily membership range
16			before consolidation
17			or unification to
18			the average daily
19			membership range with
20			boundary change or
21			unification
22	.01 - 101.00	101.01 - 185.00	\$590
23	.01 - 101.00	185.01 - 375.00	890
24	.01 - 101.00	375.01 - 1,000.00	1,190

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1	.01 - 101.00	1,000.01 - 1,900.00	1,320
2	101.01 - 185.00	185.01 - 375.00	300
3	101.01 - 185.00	375.01 - 1,000.00	590
4	101.01 - 185.00	1,000.01 - 1,900.00	730
5	185.01 - 375.00	375.01 - 1,000.00	300
6	185.01 - 375.00	1,000.01 - 1,900.00	430
7	375.01 - 1,000.00	1,000.01 - 1,900.00	130

8 For grades seven and eight:

9	Average daily	Average daily	Incentive payment per
10	membership range	membership range with	student who moves
11	before consolidation	boundary change or	from the average
12	or unification	unification	daily membership range
13			before consolidation
14			or unification to
15			the average daily
16			membership range with
17			boundary change or
18			unification

19	.01 - 31.00	31.01 - 57.00	\$710
20	.01 - 31.00	57.01 - 115.00	1,070
21	.01 - 31.00	115.01 - 308.00	1,430
22	.01 - 31.00	308.01 - 585.00	1,590
23	31.01 - 57.00	57.01 - 115.00	360
24	31.01 - 57.00	115.01 - 308.00	710

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1	31.01 - 57.00	308.01 - 585.00	870
2	57.01 - 115.00	115.01 - 308.00	350
3	57.01 - 115.00	308.01 - 585.00	510
4	115.01 - 308.00	308.01 - 585.00	160
5	For grades nine through twelve:		
6	Average daily	Average daily	Incentive payment per
7	membership range	membership range with	student who moves
8	before consolidation	boundary change or	from the average
9	or unification	unification	daily membership range
10			before consolidation
11			or unification to
12			the average daily
13			membership range with
14			boundary change or
15			unification
16	.01 - 50.00	50.01 - 75.00	\$1,640
17	.01 - 50.00	75.01 - 100.00	2,550
18	.01 - 50.00	100.01 - 150.00	2,924
19	.01 - 50.00	150.01 - 250.00	3,180
20	.01 - 50.00	250.01 - 500.00	3,450
21	.01 - 50.00	500.01 - 1,000.00	3,750
22	50.01 - 75.00	75.01 - 100.00	910
23	50.01 - 75.00	100.01 - 150.00	1,280
24	50.01 - 75.00	150.01 - 250.00	1,540

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1	50.01 - 75.00	250.01 - 500.00	1,810
2	50.01 - 75.00	500.01 - 1,000.00	2,110
3	75.01 - 100.00	100.01 - 150.00	380
4	75.01 - 100.00	150.01 - 250.00	630
5	75.01 - 100.00	250.01 - 500.00	900
6	75.01 - 100.00	500.01 - 1,000.00	1,200
7	100.01 - 150.00	150.01 - 250.00	260
8	100.01 - 150.00	250.01 - 500.00	530
9	100.01 - 150.00	500.01 - 1,000.00	830
10	150.01 - 250.00	250.01 - 500.00	270
11	150.01 - 250.00	500.01 - 1,000.00	570
12	250.01 - 500.00	500.01 - 1,000.00	300

13 (b) For local systems that will receive base fiscal
14 year incentive payments for school fiscal year 2001-02 for a
15 consolidation that includes two districts which entered into
16 an agreement under the Interlocal Cooperation Act in which
17 one district did not offer instruction in either grades seven
18 through twelve or nine through twelve and contracted with the
19 other district for the education of seventh through twelfth grade
20 students or ninth through twelfth grade students for the school
21 year prior to the consolidation, those seventh through twelfth
22 grade students or ninth through twelfth grade students who were
23 being educated outside their resident district pursuant to the
24 agreement by a school that is in the local system receiving the
25 incentives shall be included in the average daily membership of the

1 resident district before consolidation for purposes of calculating
2 incentive payments under this section.

3 (5) Except as otherwise provided in subsection (6) of
4 this section, two million dollars shall be set aside for school
5 fiscal years 1999-00 and 2000-01 and one million six hundred
6 sixteen thousand three hundred fifty-four dollars shall be set
7 aside for school fiscal year 2001-02 for base fiscal year incentive
8 payments pursuant to subsection (6) of this section. All other
9 payments pursuant to this section shall be paid directly to the
10 consolidated district or unified system from the Tax Equity and
11 Educational Opportunities Fund.

12 (6) Base fiscal year incentive payments shall be
13 calculated as of August 2 immediately preceding the base fiscal
14 year and shall be paid directly to the consolidated district or
15 unified system from the amount set aside for such school fiscal
16 year from the Tax Equity and Educational Opportunities Fund
17 pursuant to subsection (5) of this section. The payments shall
18 be made in ten as nearly as possible equal payments on the last
19 business day of each month, beginning in September and ending the
20 following June, for the base fiscal year. If the total amount of
21 base fiscal year incentive payments for that school fiscal year
22 exceeds the amount set aside for such school fiscal year, the base
23 fiscal year incentive payments shall be reduced proportionately
24 so that the total amount of base fiscal year incentive payments
25 equals the amount set aside for such school fiscal year pursuant

1 to subsection (5) of this section. The base fiscal year incentive
2 payments shall not be included in local system formula resources as
3 calculated under section 79-1018.01. No base fiscal year incentive
4 payments shall be made pursuant to this subsection after July 1,
5 2002.

6 (7)(a) For consolidations, one hundred percent of the
7 amount calculated pursuant to subsection (4) of this section shall
8 be included in the distribution of state aid for each of the
9 first three consecutive school fiscal years beginning with the base
10 fiscal year or two consecutive school fiscal years following the
11 base fiscal year if payments were made in the base fiscal year
12 pursuant to subsection (6) of this section. For unifications, one
13 hundred percent of the amount calculated pursuant to subsection
14 (4) of this section shall be included in the distribution of
15 state aid for the first school fiscal year beginning with the base
16 fiscal year, seventy-five percent for the second school fiscal year
17 beginning with the base fiscal year, and fifty percent for the
18 third school fiscal year beginning with the base fiscal year. If
19 a unified system consolidates and the boundary change takes effect
20 before August 2, 2001, the consolidated district will be eligible
21 to receive seventy-five percent of the amount originally calculated
22 pursuant to subsection (4) of this section in the base fiscal
23 year. If a consolidated district is still receiving incentive
24 payments for a unification in the base fiscal year, the payments
25 for the remainder of the first three years will be at one hundred

1 percent of the amount calculated pursuant to subsection (4) of
2 this section and in the fourth year, the district will receive
3 the difference between the incentive payments received and three
4 hundred percent of the amount calculated pursuant to subsection (4)
5 of this section. If before August 2, 2001, additional districts
6 are added to the unified system or are added in a consolidation,
7 the additional incentives shall be calculated by the department and
8 added to the incentive payments.

9 (b) For local systems that received base fiscal year
10 incentive payments prior to school fiscal year 2001-02 for a
11 consolidation that included two districts which entered into an
12 agreement under the Interlocal Cooperation Act in which one
13 district did not offer instruction for either grades seven
14 through twelve or nine through twelve and contracted with the
15 other district for the education of seventh through twelfth grade
16 students or ninth through twelfth grade students for the school
17 year prior to the consolidation, a calculation shall be made
18 for additional incentives. The additional incentives shall be
19 calculated pursuant to subsection (4) of this section, except that
20 the average daily membership before consolidation shall equal the
21 seventh through twelfth grade students or ninth through twelfth
22 grade students who were being educated outside their resident
23 district pursuant to the agreement by a school that is in the local
24 system receiving the incentives. The June 30, 2001, and June 30,
25 2002, state aid payments for such local system shall include an

1 amount equal to the additional incentives calculated pursuant to
2 this subsection. An amount equal to the additional incentives shall
3 also be included in the reorganization incentives for state aid to
4 be paid in the 2002-03 school fiscal year, subject to any reduction
5 that may be required pursuant to subsection (9) of this section.

6 (8) If, prior to the beginning of the eighth school
7 year of operating as a unified system, the unified system (a)
8 discontinues its status as a unified system and (b) does not
9 consolidate, the districts in the unified system shall pay back
10 the incentives. The total incentives paid to the unified system
11 shall be divided between the districts based on the adjusted
12 valuation of each district in the year prior to the discontinuation
13 of the unified system, and each district's share shall be paid
14 back through reductions in state aid in equal amounts for five
15 years unless a lesser number of years is agreed to by the school
16 district and the department. If a district withdraws from a
17 unified system prior to the beginning of the eighth school year of
18 participating in the unified system, the district shall pay back
19 the incentives attributable to the district's participation in the
20 unified system through reductions in state aid in equal amounts
21 for five years unless a lesser number of years is agreed to by
22 the school district and the department. The total incentives paid
23 shall include interest calculated from the date of payment until
24 the estimated repayment at the rate specified in section 45-104.02
25 as of the expiration of the agreement or the effective date of

1 withdrawal. If the state aid is less than the repayment amount
2 in any school fiscal year, the remaining repayment will reduce
3 state aid in future school fiscal years. In entering into any
4 agreement with a school district for the repayment of incentives,
5 the department shall take into consideration the ability of the
6 school district to repay the incentives in the fewest number of
7 years and meet the educational needs of the students that are
8 enrolled in the school district while repaying the incentives.

9 (9) If the total amount of incentive payments to
10 school districts for a school year exceeds one percent of the
11 appropriation to the Tax Equity and Educational Opportunities Fund
12 minus two million dollars, the incentive payments shall be reduced
13 proportionately so that the total amount of incentive payments to
14 school districts equals one percent of the appropriation to the
15 Tax Equity and Educational Opportunities Fund minus two million
16 dollars. The payments shall not be included in local system formula
17 resources as calculated under section 79-1018.01. No incentive
18 payments shall be made pursuant to this section after July 1, 2004.

19 Sec. 2. Original section 79-1010, Reissue Revised
20 Statutes of Nebraska, is repealed.

21 Sec. 3. Since an emergency exists, this act takes effect
22 when passed and approved according to law.